

Washington Citizens' Commission on Salaries for Elected Officials
May 15, 2007 – Meeting Minutes
Radisson Gateway Hotel, SeaTac

The Meeting of the Washington Citizens' Commission on Salaries for Elected Officials was convened and brought to order by Alan Doman, Vice-Chair, at 9:05 a.m.

Commission Members Present:

- | | |
|----------------------------------|---------------------------|
| · Scott Baxter | · Willeen Denton-Hornbeck |
| · Don Boggs | · David Irwin |
| · Dale Carlisle | · Linda Lopez |
| · Jim Clark | · John McCallum |
| · Alan Doman, Vice-Chair | · Dirk Muyskens |
| · Dorothy Gerard (via Telephone) | · Brian Sadden |
| · Janet Hays | · Katherine Wade-Easley |

Commission Members with an Excused Absence:

- Ron Hopkins, Chair

Commission Members with an Unexcused Absence:

- Debra Alyea

Staff Present:

- Carol Sayer, Director
- Teri Wright, Executive Assistant

Alan Doman, Vice-Chair, conducted this meeting as Ron Hopkins, Chair, had an excused absence.

Alan Doman asked those visiting from the Judiciary Branch to introduce themselves. Present were: Ron Culpepper, Superior Court Judges Association, Eileen Kato, King County District Court, Elaine Houghton, Court of Appeals, and Jeff Hall, Administrative Office of the Courts.

Alan Doman read the Opening Statement for the Commission.

Alan Doman asked the Commission if there were any changes that needed to be incorporated into the April 19, 2007, meeting minutes. There were no changes requested. Brian Sadden motioned to approve the meeting minutes and was seconded by John McCallum. Alan Doman called for a vote and it was unanimously passed.

Bret Bertolin, Senior Economic Forecaster, of the Washington Forecast Council, gave a presentation as follows:

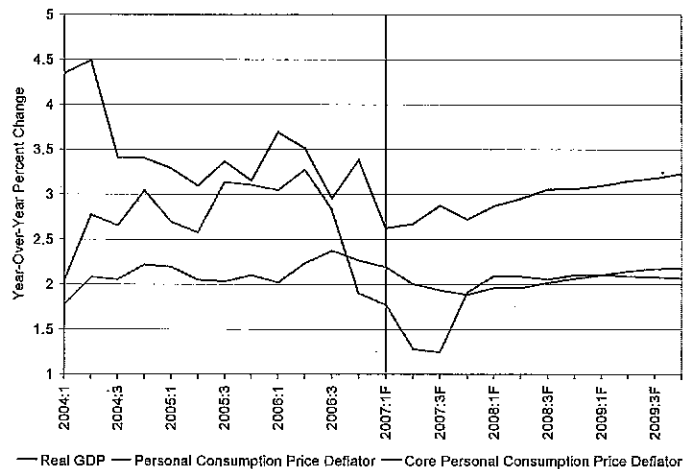


U.S. Economic Outlook

U.S. economic growth has slowed recently, primarily due to a severe downturn in residential construction. The decline in residential construction should be pretty much over by early next year.

The “core” inflation rate (excluding food and energy) is outside the range preferred by the Federal Reserve.

GDP Growth and Inflation



- Real GDP grew 2.6 percent from the first three months of 2006 to the first three months of this year.
- Growth would have been about one percentage point higher without the housing downturn.
- The Federal Reserve wants to see core inflation in the 1-2 percent range.
- “Core” inflation was 2.2 percent over the most recent year but should decline later this year.



Employment

The three industries showing the fastest April ~~brutary~~ year-over-year growth are also among the highest paying

While national construction employment has been decreasing year-over-year, Washington construction employment continues to increase

Washington year-over-year employment growth has outpaced that of the U.S. since November 2002

Year-Over-Year Employment Growth by Industry (April 2006 to April 2007) Washington vs. U.S.			
	Washington		U.S.
	(000)	% Chg.	% Chg.
Total	64.4	2.3%	1.4%
Aerospace Product and Parts Manufacturing	5.8	8.1%	NA
Software Publishers	3.0	6.8%	NA
Construction	10.6	5.5%	-0.3%
Information Excluding Software	2.3	4.3%	NA
Professional and Business Services	13.4	4.1%	2.3%
Wholesale Trade	3.9	3.1%	1.7%
Leisure and Hospitality	7.3	2.7%	3.2%
Education and Health Services	7.9	2.4%	2.8%
Retail Trade	7.3	2.3%	0.2%
Transportation, Warehousing and Utilities	1.7	1.8%	1.6%
Other Services	1.6	1.5%	1.0%
Government Non-Education	1.6	0.5%	1.0%
Manufacturing Excluding Aerospace	0.3	0.1%	NA
Financial Activities	-0.3	-0.2%	1.1%
Government Education	-1.8	-0.8%	1.7%
Natural Resources and Mining	-0.2	-2.3%	5.8%
Information	5.3	5.5%	1.1%
Manufacturing	6.1	2.2%	-1.1%
Washington Geographic Breakdown			
Seattle-Bellevue-Everett MSA	47.3	3.4%	
Tacoma MSA	4.9	1.8%	
Spokane MSA	6.2	2.9%	
Rest of WA	6.0	0.6%	

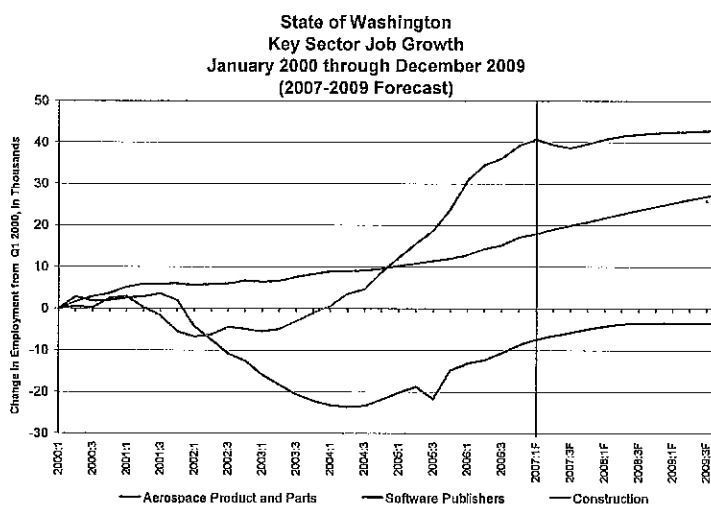
Source: WA State Employment Security Department, U.S. Bureau of Labor Statistics



Key Employment Sectors

With the exception of a 2007 dip in construction employment, Washington's key employment sectors are predicted to remain strong through the end of the forecast period

Pending decisions on an increase in aircraft production rates and a new USAF aerial refueling tanker contract might make the current aerospace forecast conservative



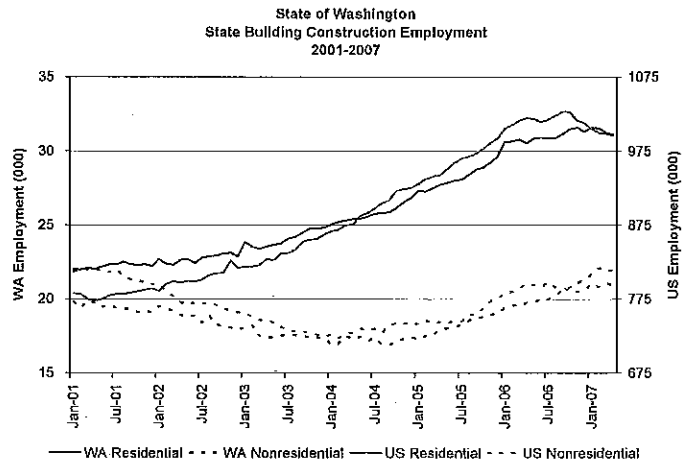
Source: Economic and Revenue Forecast Council

- Construction employment will dip in 2007 due to a slowdown in residential construction but is then forecasted to resume growth
- Software publishers employment is forecasted to grow at a 10.0 percent rate in 2007, even faster than the 2006 rate of 9.1 percent
- Aerospace employment is forecasted to increase through the first half of 2008 and then level off through the end of the forecast period



Construction Employment

While seasonally-adjusted state employment in the construction of residential buildings has leveled off, employment in non-residential building construction is showing no signs of slowing down



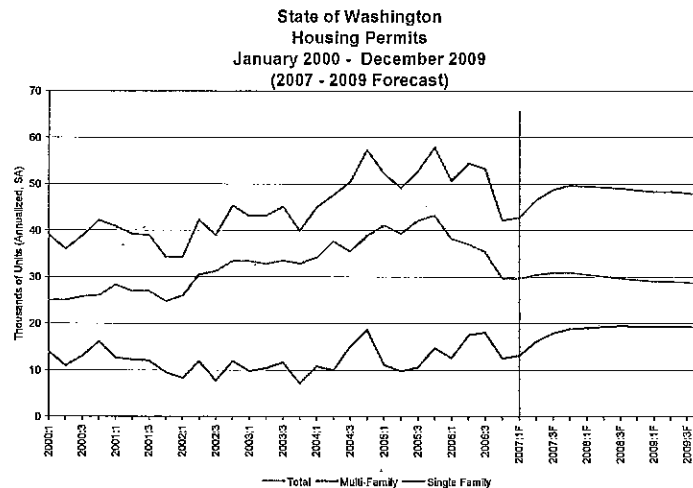
Source: Economic and Revenue Forecast Council

- While U.S. seasonally adjusted employment in the construction of buildings peaked in fall 2006, Washington employment has yet to peak



Real Estate Activity

Permit data received since the March forecast indicates stronger first quarter multi-family permit activity than forecasted



Source: Economic and Revenue Forecast Council

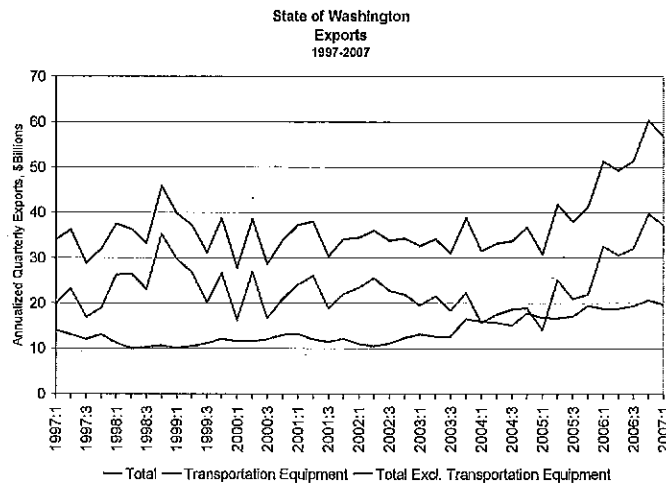
- Single family housing permits are forecasted to remain at roughly their current levels through the end of the forecast period
- Multi-family housing permits are forecasted to increase due to high immigration rates and high house prices



Exports

Exports originating in Washington reached their highest annual level ever in 2006

State exports in the fourth quarter of 2006 were the highest quarterly exports on record



Source: Economic and Revenue Forecast Council

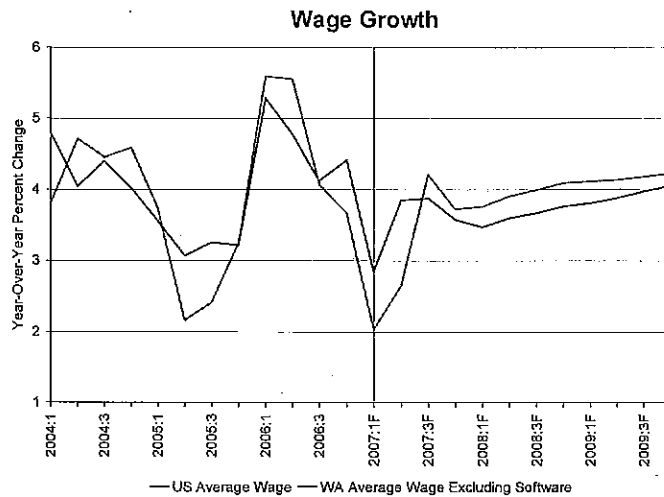
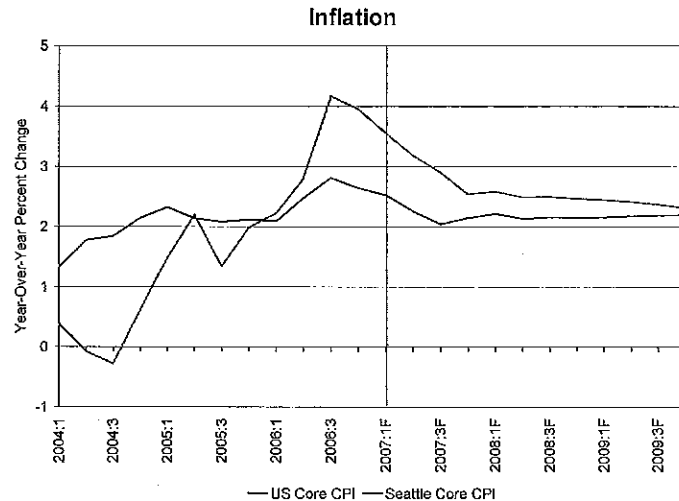
- State exports totaled \$53.1 billion in 2006, a 39.9 percent increase from 2005
- Exports of transportation equipment (mainly aircraft) totaled \$33.7 billion, an increase of 64.3 percent
- Non-transportation exports totaled \$19.4 billion, an increase of 11.1 percent
- Agricultural products, the second-largest export industry, totaled \$4.6 billion, an increase of 8.2 percent



Washington Prices and Wages

During the recession, inflation in the Seattle area fell below the national average reflecting the very weak economy. Now with the regional economy much stronger, local inflation exceeds the national average.

The forecast expects both regional prices and wages to continue to outpace the national average.



- Expected Seattle inflation: 2.4%
- Expected wage growth: 4.0%



Economic Forecast Update as of March 15, 2007

State employment is expected to grow at a strong pace through the end of the next biennium, though its rate of growth will slow

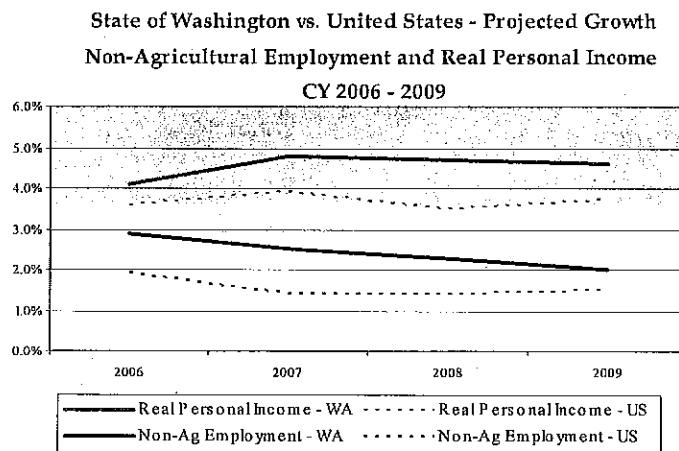
Real personal income is expected to grow through the end of the next biennium at a pace faster than that of 2006

- State non-agricultural employment:
 - The March forecast of employment growth was revised downward in 2006 but increased slightly from 2007 through 2009
 - ✓ 2006: 2.9 percent growth
 - ✓ 2007: 2.5 percent growth
 - ✓ 2008: 2.3 percent growth
 - ✓ 2009: 2.0 percent growth
- State real personal income:
 - After a downward revision in 2006 growth, the March forecast of real personal income growth was increased in 2007 and slightly decreased in 2008 and 2009
 - ✓ 2006: 4.1 percent growth
 - ✓ 2007: 4.8 percent growth
 - ✓ 2008: 4.7 percent growth
 - ✓ 2009: 4.6 percent growth



Economic Forecast Update, cont'd

Growth in state real personal income and employment is forecasted to exceed that of the U.S. through the end of 2009



Cary Randow, Manager of the Compensation Division at the Department of Personnel, gave a presentation as follows:

Washington Citizens' Commission on Salaries for Elected Officials

Discussion Agenda – An Update

- Labor market for managers and executives remains strong
- Classified employee salary adjustments will average over 10.0%
 - General Wage Adjustment – 3.2%
 - Represented 7/1/07
 - Non Represented 9/1/07
 - Additional Step "L" added to pay structure – 2.5% effective 7/1/07
 - Partial implementation of salary survey
 - Class consolidation
 - Shroll lawsuit
 - Class Studies
- Washington Management Service (WMS) and Exempt Management Service (EMS) employees receiving a 3.2% general wage adjustment effective September 1, 2007.
- Recommended adjustments to WMS/EMS salary band maximums average 9.3%
- Final thoughts

Cary Randow clarified that when the State Department of Personnel evaluates salaries they do look at private and public sectors. In addition, they at times have to evaluate a salary nationally to attract candidates for certain jobs to our area. Cary Randow also addressed the question of how the state was going to pay for the statewide salary increases. Cary Randow confirmed that the raises addressed in his presentation were part of the budget that passed the legislative session. Cary Randow also stated that he believes that in trying to keep our elected officials salaries competitive, the Commission is helping to ensure the state has competent leadership.

Alan Doman moved the meeting into a work session.

The Commission discussed the proposal for Fred Owen to evaluate legislative leadership positions. Carol Sayer summarized the proposal received from Fred Owen.

There was a **motion** by Willean Denton Hornbeck, second by John McCallum, to have the Chair appoint a task team made up of commission members and the director to meet with Fred Owen of Owen-Pottier Human Resource Consultants to define a realistic standard for determining which positions warrant a leadership stipend. Further, the task team will make a recommendation to the full Commission as to whether or not to enter into a contract with the consultant. The motion passed as follows:

Commissioner	Yes	No
Scott Baxter		X
Don Boggs	X	
Dale Carlisle	X	
Jim Clark		X
Alan Doman	X	
Janet Hays	X	
Willean Denton Hornbeck	X	
David Irwin	X	
Linda Lopez	X	
John McCallum	X	
Dirk Muyskens		X
Brian Sadden	X	
Total	9	3

Note: Dorothy Gerard and Katherine Wade-Easley were not present during this vote.

The following Commissioners agreed to serve on the task team with Carol Sayer:

- Alan Doman
- Dorothy Gerard
- Janet Hays
- Ron Hopkins
- Willean Denton Hornbeck
- Katherine Wade-Easley

The Commission reviewed the *Proposed* Salary Schedule and Alan Doman opened the floor for discussion on all the various aspects of the proposal. Alan Doman stated concern over the fact that perhaps the Commission was being too conservative in working to get these positions up to a competitive salary level. This is based on public comment regarding the need to increase salaries, the scope of increases being given to other state employees, the strength of the economic forecast and the low level of negative comment about the proposed salary schedule. Other Commissioners stated that the work the Commission has done is right on target. There was concern stated about the proposed salary increase for the Lieutenant Governor and additional concern that the Judiciary Branch wasn't receiving enough of an increase.

The Commission broke for lunch.

When the Commission reconvened at 1:30 p.m. Dorothy Gerard joined the Commission meeting by telephone.

There was no one present for public testimony. Alan Doman stated that if someone did arrive for public testimony the Commission's discussion would be suspended in order accommodate the testimony.

The Commission continued discussion about the *Proposed* Salary Schedule.

Alan Doman read the **motion to grant all elected officials a 3.2 percent general wage adjustment for 2007 and 2.0 percent for 2008.** The motion was made by Don Boggs and seconded by Dale Carlisle.

The vote was as follows:

Commissioner	Yes	No
Scott Baxter	X	
Don Boggs	X	
Dale Carlisle	X	
Jim Clark	X	
Alan Doman	X	
Dorothy Gerard	X	
Janet Hays	X	
Willeam Denton Hornbeck	X	
David Irwin	X	
Linda Lopez	X	
John McCallum	X	
Dirk Muyskens	X	
Brian Sadden	X	
Katherine Wade-Easley	X	
Total	14	0

Alan Doman read the **motion** to adjust the salary of the Lieutenant Governor, as a catch-up measure, to \$85k effective September 1, 2007. The motion was made by Dirk Muyskens and seconded by Willean Denton Hornbeck.

The vote was as follows:

Commissioner	Yes	No
Scott Baxter		X
Don Boggs	X	
Dale Carlisle	X	
Jim Clark	X	
Alan Doman	X	
Dorothy Gerard	X	
Janet Hays	X	
Willean Denton Hornbeck	X	
David Irwin	X	
Linda Lopez	X	
John McCallum	X	
Dirk Muyskens	X	
Brian Sadden	X	
Katherine Wade-Easley		X
Total	12	2

Alan Doman read the **motion** to give a 5.0 percent “catch-up” increase, effective September 1, 2007, to the Governor, Lieutenant Governor, Attorney General, Auditor, Treasurer, Secretary of State and Insurance Commissioner, and furthermore a corresponding increase of 7.0 percent to the Superintendent of Public Instruction and the Commissioner of Public Lands. The motion was made by Dale Carlisle and seconded by Scott Baxter.

The vote was as follows:

Commissioner	Yes	No
Scott Baxter	X	
Don Boggs	X	
Dale Carlisle	X	
Jim Clark	X	
Alan Doman	X	
Dorothy Gerard	X	
Janet Hays	X	
Willeen Denton Hornbeck	X	
David Irwin	X	
Linda Lopez	X	
John McCallum	X	
Dirk Muyskens	X	
Brian Sadden	X	
Katherine Wade-Easley	X	
Total	14	0

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Alan Doman read the **motion** to grant the Judicial branch a 3.5 percent general wage adjustment effective September 1, 2007 and 3.5% on September 1, 2008. The motion was made by Don Boggs and seconded by Dale Carlisle.

The vote was as follows:

Commissioner	Yes	No
Scott Baxter	X	
Don Boggs	X	
Dale Carlisle	X	
Jim Clark	X	
Alan Doman	X	
Dorothy Gerard	X	
Janet Hays	X	
Willeam Denton Hornbeck	X	
David Irwin	X	
Linda Lopez	X	
John McCallum	X	
Dirk Muyskens	X	
Brian Sadden	X	
Katherine Wade-Easley	X	
Total	14	0

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Alan Doman read the **motion** to raise the base salary for Legislators to 40k effective September 1, 2007. The motion was made by Willean Denton Hornbeck and seconded by David Irwin.

The vote was as follows:

Commissioner	Yes	No
Scott Baxter	X	
Don Boggs	X	
Dale Carlisle	X	
Jim Clark	X	
Alan Doman	X	
Dorothy Gerard	X	
Janet Hays	X	
Willean Denton Hornbeck	X	
David Irwin	X	
Linda Lopez	X	
John McCallum	X	
Dirk Muyskens	X	
Brian Sadden	X	
Katherine Wade-Easley	X	
Total	14	0

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Alan Doman read the **motion to maintain the stipend structure for legislators at 8k and 4k for current leadership positions.** The motion was made by Dorothy Gerard and seconded by Dale Carlisle. The positions are: Speaker of the House, Senate Majority Leader, House Minority Leader, and Senate Minority Leader.

The vote was as follows:

Commissioner	Yes	No
Scott Baxter	X	
Don Boggs	X	
Dale Carlisle	X	
Jim Clark	X	
Alan Doman	X	
Dorothy Gerard	X	
Janet Hays	X	
Willeam Denton Hornbeck	X	
David Irwin	X	
Linda Lopez	X	
John McCallum	X	
Dirk Muyskens	X	
Brian Sadden	X	
Katherine Wade-Easley	X	
Total	14	0

Alan Doman stated that this concludes the salary setting business and asked Carol Sayer to review the process for the salary schedule certification to the Secretary of State.

Carol Sayer stated that she will file the salary schedule with the Code Reviser's Office; the code reviser will put the salary schedule in bill form. A certification letter, signed by Alan, will go, along with the bill, to the Secretary of State's Office. Once the Secretary of State has filed the bill it becomes law 90 days later unless the public files a referendum. Carol Sayer also stated that we will schedule a conference call to approve the minutes from this meeting and that it will be held in mid-June.

There being no additional topics for discussion Alan Doman adjourned the meeting at approximately 2:30 p.m.

Note: The 2007-08 Salary Schedule is attached and being made part of the minutes.



Alan Doman, Vice-Chair

6/25/07

Date

**Washington Citizens' Commission on Salaries
for Elected Officials
2007-08 Salary Schedule**

Position	Salary Effective 9/1/2007	Salary Effective 9/1/2008
Governor	163,618	166,891
Lieutenant Governor	92,106	93,948
Secretary of State	114,657	116,950
Treasurer	114,657	116,950
Auditor	114,657	116,950
Attorney General	148,744	151,718
Insurance Commissioner	114,657	116,950
Supt. of Public Instruction	119,234	121,618
Commissioner of Public Lands	119,234	121,618
Supreme Court Justices	155,557	164,221
Court of Appeals Judges	148,080	156,328
Superior Court Judges	140,979	148,832
District Court Judges	134,233	141,710
Legislator	41,280	42,106
Speaker of the House	49,280	50,106
Senate Majority Leader	49,280	50,106
House Minority Leader	45,280	46,106
Senate Minority Leader	45,280	46,106

The salary schedule was adopted at a public meeting on May 15, 2007.

Components of the Salary Schedule

All Positions

- A 3.2% general wage adjustment (GWA) effective September 1, 2007 and 2.0% effective September 1, 2008 for all positions. [This is the same increase state employee will receive.]

Executive Branch

- Adjust the salary of the Lieutenant Governor to \$85,000 effective September 1, 2007. This is a catch-up increase to correct a long-time salary inequity.
- 5.0% catch-up adjustment to the positions of Governor, Lieutenant Governor, Attorney General, Secretary of State, Treasurer, Auditor, and Insurance Commissioner effective September 1, 2007. This adjustment brings the salaries of these positions into better alignment with those of the appointed state agency heads.
- 7.0% catch-up adjustment to the positions of Superintendent of Public Instruction and Commissioner of Public Lands effective September 1, 2007. This adjustment brings these salaries into better alignment with those of the appointed state agency heads.

Judicial Branch

- 3.5% catch-up adjustment to the salary of all judges effective September 1, 2007 and 3.5% effective September 1, 2008 to continue to bring these positions into alignment with the federal bench.

Legislative Branch

- Adjust the base salary of the position of legislator to \$40,000 effective September 1, 2007. This is an equity increase. [Legislator pay is calculated at 70% of a full-time job.]
- Retain the existing leadership stipend of \$8,000 for the positions of Speaker of the House and Senate Majority Leader and \$4,000 for the positions of House and Senate Minority Leaders.
- The Commission may contract with a consultant to perform a Willis Point Factor Evaluation on legislative leadership positions to analyze and define the duties of those positions in the House and Senate and make recommendations for a legislative leadership stipend structure, including a relative stipend pay schedule. The study, if done, would include all positions categorized as leadership including but not limited to: presiding officers, majority and minority leaders, caucus chairs, floor leaders, whips, and standing committee chairs. [The study would be completed prior to the 2009 salary setting session.]